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FISCAL IMPACT STATEMENT

LS 6141

BILL NUMBER: SB 121

NOTE PREPARED: Dec 5, 2014

BILL AMENDED:

SUBJECT: Tax Credit for Volunteer Firefighters and EMTs.

FIRST AUTHOR: Sen. Glick

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that an individual who is an active volunteer firefighter or an active volunteer emergency medical technician (EMT), and who participates in at least 33% of a department's combined total of emergency responses and training sessions during the year, is entitled to a credit of \$2,000 against the individual's adjusted gross income (AGI) tax liability each taxable year. The bill also provides that confirmation of an individual's service for purposes of the credit must be affirmed under penalties of perjury by the chief of the volunteer fire department.

Effective Date: January 1, 2015 (retroactive).

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR may incur additional expenses in implementing the tax credit established by this bill. The DOR's current level of funding and resources should be sufficient to administer this tax credit.

Explanation of State Revenues: *Summary-* This bill establishes a \$2,000 individual AGI tax credit for volunteer firefighters and EMTs. The credit is effective beginning in tax year 2015, and the revenue impact will likely begin in FY 2016. This provision will decrease revenue into the state General Fund by approximately \$44 M to \$66 M per year.

Any unused tax credits may not be carried forward by taxpayers to a succeeding taxable year, carried back to a preceding taxable year, or refunded. As a result, the actual revenue loss may be less than estimated to the extent that taxpayers are unable to exhaust tax credits in a single year. Additionally, the estimated revenue loss does not strictly consider the portion of volunteers that participate in at least 33% of a department's emergency responses and training sessions. Finally, the chief of a volunteer fire department

may count an individual's participation in responses and sessions of another volunteer fire department during the taxable year as participation in the confirming department's responses and sessions, which may impact the actual revenue loss.

Additional Information-

Method- There are an estimated 18,000 to 22,000 volunteer firefighters and 4,000 to 11,000 volunteer EMTs in Indiana. Assuming that each volunteer firefighter and EMT claims the tax credit of \$2,000, revenues to the state General Fund could decline by \$44 M to \$66 M (22,000-33,000*\$2,000).

The lower limit of firefighters is reported by the Indiana Volunteer Firefighters Association, and the upper limit is reported by the Indiana Department of Homeland Security. The lower limit of volunteer EMTs is based on the count of unique individuals who work for a volunteer fire department and also have an active Emergency Medical Services (EMS)-EMT certification. However, this is only an approximation, as some fire stations have their own EMS service and some use separate EMS services that are not directly part of the fire department but would still have volunteer EMTs. Additionally, not all volunteer fire departments identify themselves as "volunteer," which would influence the count of volunteer firefighters and EMTs. The upper limit is based on the number of EMTs with basic certification, of which approximately 58% are estimated to be volunteers.

Explanation of Local Expenditures: The bill requires a fire department to confirm a volunteer firefighter's or EMT's service for the taxable year before the individual may claim the tax credit. The chief of the fire department is required to provide a confirmation of service to each volunteer firefighter and EMT who has served during the previous calendar year. Volunteer fire departments should be able to fulfill the bill's requirements with existing resources, but larger volunteer departments may need to acquire additional resources to do so.

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Fire departments.

Information Sources: John Buckman, Indiana Department of Homeland Security, 317-232-0498; LSA, "Issues Relating to State Programs for Emergency Medical Services and the State's Trauma System".

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